



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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RESEARCH AND
ENGINEERINGMEMORANDUM FOR CHAIRMAN, NATIONAL INTELLIGENCE COUNCIL
CENTRAL INTELLIGENCE AGENCYSUBJECT: Quantitative Case Studies of the Impact of Technology
Transferred Through Legal Trade on Soviet/Warsaw Pact
Military Capabilities and Economic Strength*Harry*

I was quite pleased that you agreed that an authoritative assessment by the Intelligence Community of the overall impact of technology transfer on Soviet/Warsaw Pact capabilities is needed, and at the positive response to some study initiatives in this area. Although there has been a considerable amount of work done on Soviet acquisitions of Western technology over the past year or so, there still are differences of opinion about the magnitude of the contribution East-West trade (legal sales) makes to Soviet military power.

The idea of performing a number of specific case studies of the impact of technology transferred through legal trade is an important step toward a fuller understanding of the scope of the Soviet threat in this area. To this end, I have attached a proposed terms of reference which I consider to be a first step. The effort requested by this terms of reference includes:

- a. 20 or so case studies which evaluate the quantitative impact of acquisitions in specific areas.
- b. A summary assessment with general conclusions based on these case studies.

I am available to support you in this effort. You may want to form a Steering Committee for this undertaking which includes OUSDRE representation; this same committee could be the focal point for future study efforts, if they are warranted. I suggest a 9 - 12 month deadline for the completion of the case studies in this first step effort, and would hope you could complete this initial effort sometime during the Spring of 1984.

Paul J. Berenson
Special Assistant
For Assessment

Attachment

**TOR FOR INTELLIGENCE COMMUNITY EVALUATION OF THE IMPACT
OF TECHNOLOGY TRANSFERRED THROUGH LEGAL TRADE ON
SOVIET/WARSAW PACT MILITARY CAPABILITY
AND ECONOMIC STRENGTH**

BACKGROUND:

There is significant evidence that the military strength of the Soviet and Warsaw Pact countries has been significantly enhanced by the acquisition of technology from NATO and other countries through a variety of acquisition channels. Differences of opinion exist, however, within the U.S. Government, foreign governments, and the business and academic communities with regard to the magnitude of the enhancement that has taken place through worldwide legal trade acquisitions, and with regard to the nature and extent of technology transfer control measures which should be implemented to lessen significantly future enhancement.

In order to formulate policy and the most effective mixture of control measures, it is vital to develop authoritative assessments which quantitatively estimate and document the impact of the acquisition of Western technology through such channels on the economic and military strength of the Warsaw Pact Forces. An initial intelligence assessment of the impact of selected cases of transfers through legal trade mechanisms would be a significant first step in better understanding the contribution of East-West trade to Soviet and Warsaw Pact military power.

SCOPE:

The Intelligence Community should document roughly 20 case studies which estimate the quantitative impact of technologies transferred through legal trade mechanisms on Soviet/Warsaw Pact military capability and economic strength. These case studies should include, wherever possible, the following types of information.

1. Assessment of the quantitative benefits to specific Soviet weapon systems derived by the Soviets from individual and collective transaction/transfers. (Identify the prime performance parameter(s) improved; how much improvement took place; and the reduction in development time and program cost savings that occurred compared to what it would have been if they used indigenous technology.)
2. Identification of the key transfer mechanisms, and the potential for blocking same in the future.

3. A summary assessment with general conclusions based on these case studies.

DATA SOURCES AND DELIVERABLES:

All source data should be used to document the linkage of Western technology transfer with the resultant impact. The community study should be produced at the Secret level in order to ensure the widest possible dissemination in the U.S. Government. A codeword annex should also be produced if needed to support the conclusions reached in the study. The report should be published by Spring 1984. After the community study is completed an unclassified version should be released for more widespread dissemination.